

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 COME-00 TRSE-00 AID-05
L-03 IGA-02 /033 R

EXIMBANK

DRAFTED BY XMB/GC: CEGABA:EF
APPROVED BY EB/IFD/ODF:FHTHOMAS
XMB/GC: JHGAINER
AF/E:RCASTRODALE

-----121946Z 039796 /43
R 121559Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY DAR ES SALAAM

UNCLAS STATE 081451

E.O. 11652: N/A

TAGS: EAIR, TZ

SUBJECT: EAST AFRICAN AIRWAYS

1. AS AGREED DURING GABA/MALLOY VISIT PLEASE PREPARE
AND DELIVER FOLLOWING LETTER TO MIN/FIN ON EXIM'S BEHALF.

QUOTE
APRIL 7, 1977
THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING
DAR ES SALAAM
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ATTENTION: THE HONORABLE MR. EDWIN MTEI
MINISTER FOR FINANCE AND PLANNING
RE: EXIMBANK CREDIT NO. 2899
EAST AFRICAN AIRWAYS CORPORATION
DEAR SIR:
THE PURPOSE OF THIS LETTER IS TO FORMALIZE DISCUSSIONS
WHICH TOOK PLACE IN DAR ES SALAAM WITH OFFICIALS OF THE
MINISTRY FOR FINANCE AND PLANNING AND THE MINISTRY OF
COMMUNICATIONS AND TRANSPORT IN MARCH OF THIS YEAR. THESE

DISCUSSIONS OCCURRED DURING MEETINGS WITH MR. G.
TIBAKWEITIRA, PRINCIPAL SECRETARY, MINISTRY OF

COMMUNICATIONS AND TRANSPORT AND MR. E. N. KAMBIANE,
DIRECTOR, AIR TRANSPORT DIVISION, OF THE SAME MINISTRY,
ON MARCH 21, 1976, AND WITH MR. N. N. KOTOMARI,
COMMISSIONER FOR SECTORAL PLANNING, MINISTRY OF FINANCE
AND PLANNING, ON MARCH 22, 1976. MR. CHARLES GABA AND
MR. PATRICK MALLOY ATTENDED THE MEETINGS FOR THE EXPORT
IMPORT BANK OF THE UNITED STATES (EXIMBANK), ALONG WITH
MR. DANIEL WATERMAN OF THE UNITED STATES EMBASSY.

THE DISCUSSIONS CONCERNED LOANS MADE TO THE EAST AFRICAN
AIRWAYS CORPORATION BY EXIMBANK AND MCDONNELL DOUGLAS
CORPORATION (MDC) TO FINANCE THE PURCHASE OF THREE DC 9
JET AIRCRAFT. THESE LOANS WERE MADE PURSUANT TO AN
AGREEMENT DATED JANUARY 8, 1971 (A COPY OF WHICH IS
ENCLOSED HERewith ALONG WITH THE PROMISSORY NOTE) AND ALL
PAYMENTS ARE CURRENT TO DATE. THE LOANS HAVE A REMAINING
OUTSTANDING PRINCIPAL BALANCE OF DOLS. 6,061,887.18,
90 PERCENT OF WHICH IS PAYABLE TO EXIMBANK AND 10 PERCENT
OF WHICH IS PAYABLE TO MDC. SUCH PRINCIPAL BALANCES ARE
PAYABLE THROUGH EXIMBANK IN EIGHT SEMIANNUAL INSTALLMENTS
THE NEXT SEVEN OF WHICH ARE EACH IN THE AMOUNT OF DOLS.
787,500.00 AND THE EIGHTH OF WHICH IS IN THE AMOUNT OF
DOLS. 549,387.18. THE INSTALLMENTS ARE DUE ON MAY 15
AND NOVEMBER 15 OF EACH YEAR WITH THE NEXT INSTALLMENT DUE
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ON MAY 15, 1977. THE LOANS BEAR INTEREST AT THE RATE OF
6 PERCENT PER ANNUM ON THE OUTSTANDING BALANCES PAYABLE
SEMIANNUALLY ON EACH PRINCIPAL PAYMENT DATE.

PURSUANT TO A SEPARATE GUARANTY AGREEMENT DATED
JANUARY 8, 1971, THE REPAYMENT OF PRINCIPAL AND
INTEREST ON THE ABOVE DESCRIBED LOANS WERE SEVERALLY
GUARANTEED ONE THIRD EACH BY THE REPUBLIC OF KENYA, THE
UNITED REPUBLIC OF TANZANIA AND THE REPUBLIC OF UGANDA. A
COPY OF THAT AGREEMENT IS ENCLOSED HERewith.

DUE TO THE UNFORTUNATE FACT THAT EAST AFRICAN AIRWAYS
HAS CEASED OPERATIONS, WE FIND OURSELVES WITH NO RECOURSE
BUT TO TURN FOR PAYMENT TO THE GUARANTORS OF OUR LOANS.
THEREFORE, WE, FOR OURSELVES AND ON BEHALF OF MDC, HEREBY
REQUEST THAT THE UNITED REPUBLIC OF TANZANIA MAKE PAYMENT
ON BEHALF OF EAST AFRICAN AIRWAYS OF ONE THIRD OF THE
REMAINING INSTALLMENTS OF PRINCIPAL AND INTEREST AS AND
WHEN SUCH INSTALLMENTS FALL DUE IN ACCORDANCE WITH THE
TERMS OF THE ABOVE DESCRIBED AGREEMENTS.

TO FACILITATE THE BILLING AND PAYMENTS PROCEDURES TO BE
FOLLOWED OVER THE REMAINING LIVES OF THESE LOANS WE ALSO
REQUEST THAT WE BE FURNISHED WITH THE NAME AND ADDRESS OF

THE PROPER OFFICE WITHIN THE MINISTRY FOR FINANCE AND
PLANNING, TO WHICH OUR BILLING NOTICES SHOULD BE DIRECTED.
IN THE INTERIM TO ENABLE YOU TO MEET THE PAYMENTS DUE ON
MAY 15, 1977, THE AMOUNT DUE FROM YOU ON THAT DATE WILL
BE DOLS. 323,643.21, WHICH IS COMPRISED OF PRINCIPAL OF
DOLS. 262,500.00, INTEREST OF DOLS. 60,452.79 AND LATE
INTEREST OF DOLS. 690.42 (RESULTING FROM EAST AFRICAN
AIRWAYS LATE PAYMENT OF THE NOVEMBER 15, 1976 INSTALLMENT
WHICH WAS NOT PAID UNTIL DECEMBER 1, 1976). THIS AMOUNT
IS ONE THIRD OF THE TOTAL AMOUNT DUE FROM EAST AFRICAN
AIRWAYS ON THAT DATE.

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WE REGRET THE NECESSITY OF HAVING TO TURN TO YOUR
GOVERNMENT FOR PAYMENT IN THIS CASE AND WISH TO ASSURE
YOU THAT WE STAND READY TO PROVIDE YOU WITH ANY
ADDITIONAL INFORMATION YOU MAY REQUIRE.

AS A FINAL POINT YOU MAY BE INTERESTED TO KNOW THAT WE
ARE MAKING SIMILAR REQUESTS FOR PAYMENT FROM THE
GOVERNMENTS OF KENYA AND UGANDA.

VERY TRULY YOURS,
DAVID O. BEIM
EXECUTIVE VICE PRESIDENT
UNQUOTE

2. ORIGINAL SIGNED LETTER IS BEING POUCHED TO YOU ALONG
WITH ATTACHMENTS MENTIONED IN LETTER. BELIEVE ATTACHMENTS
ARE IN TANGOV'S POSSESSION NOW IF THEY ARE REQUIRED
BEFORE ARRIVAL OF POUCHED COPIES.
VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE081451
Document Source: CORE
Document Unique ID: 00
Drafter: CEGABA:EF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770126-1156
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770465/aaaacelj.tel
Line Count: 157
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1b3abda6-c288-dd11-92da-001cc4696bcc
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2830652
Secure: OPEN
Status: NATIVE
Subject: EAST AFRICAN AIRWAYS
TAGS: EAIR, EFIN, TZ, EAST AFRICAN AIRWAYS, XMB
To: DAR ES SALAAM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1b3abda6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009